

File

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LISTING STATEMENT NO. 2329

LISTED DECEMBER 18, 1968
1,634,425 common shares without nominal or par value,
of which 149,250 shares are subject to issuance.
Stock Symbol "MEL"
Post Section 8.1
Dial Quotation No. 1869

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

MELCHERS DISTILLERIES, LIMITED
LES DISTILLERIES MELCHERS, LIMITEE

(A Company incorporated under the laws of the Province of Quebec
by Letters Patent dated December 10, 1928)

NAME OF COMPANY: MELCHERS DISTILLERIES, Limited/
LES DISTILLERIES MELCHERS, Limitée

ADDRESS OF THE COMPANY'S HEAD OFFICE: 4480 Chemin Côte de Liesse
Montreal 306, P.Q.

ADDRESS OF THE COMPANY'S PRINCIPAL OFFICE: 18 Fundy, Place Bonaventure
Montreal 114, P.Q.

INCORPORATION

Date	December 10th, 1928
How	Letters Patent
Where	Quebec
Law	Part 1 of Quebec Companies' Act

PROPOSED LISTED SHARES: Common Shares without nominal or par value

CAPITALIZATION AS AT 4 NOVEMBER, 1968

CAPITAL STOCK	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Common shares without nominal or par value	2,500,000	1,485,175	1,634,425

FUNDED DEBT:

\$1,500,000.00	6¼ % First Mortgage S.F. Bonds due Sept. 1, 1969 Sinking Fund Requirements: \$100,000/year Balance as at Aug. 31, 1968: \$813,000.
\$ 900,000.00	7% General Mortgage Debentures due Sept. 15, 1969.
\$5,000,000.00	8% Debentures Series "A"—\$2,500,000 dated 30 August 1968. Due \$250,000 September 1st, 1969, 1970, 1971, 1972 and \$1,500,000 Sep- tember 1st, 1973. Series "B"—\$2,500,000 to be dated 30 August 1969. Redemp- tion: four instalments of \$250,000 and one of \$1,500,000 over a 5-year period.

1. APPLICATION

MELCHERS DISTILLERIES, LIMITED/LES DISTILLERIES MELCHERS, LIMITEE (hereinafter called the "Company") hereby makes application for listing on The Toronto Stock Exchange of 1,634,425 common shares without nominal or par value in the capital stock of the Company, of which 1,485,175 have been issued and are outstanding as fully paid and non-assessable. The remaining 149,250 common shares included in this application have been reserved as follows:

EXECUTIVE STOCK OPTION PLAN:

By-Law No. XXXI—Employee stock options (to be approved by shareholders)	74,250
Royal Bank of Canada	75,000

2. HISTORY OF THE COMPANY

The Company was incorporated in December, 1928 to require and take over as a going concern the business of Melchers Distillery Company, Limited, a company constituted by Letters Patent issued by the Government of the Dominion of Canada under date of 6th August, 1898.

3. NATURE OF BUSINESS

The Company operates a distillery in Berthierville, Quebec, since its incorporation. Acts as distributor-agent in some provinces for foreign distilleries and as a manufacturer-bottler for a local distributor.

4. (a) The Company distills, ages, blends, bottles and sells to the various provincial Liquor Boards the following lines of spirits: Ryes and Canadian whiskies, Geneva gins, Rums, Dry gins, Vodka and Highland whiskies.
- (b) Marketing done exclusively through provincial Boards; Company's brands are listed with all the Boards across Canada. Bulk whisky and case goods are exported directly to customers (distillers and/or distributors) throughout the U.S.A., the Caribbeans, South America and Europe.
- (c) The Company presently has a total of 220 employees.

(d)	CALENDAR YEAR	NO. OF PROOF GALS. DISTILLED
		000's OMITTED
	1968 (10 months)	3,435
	1967	3,350
	1966	2,739
	1965	1,550
	1964	1,220
	1963	850

5. Date of incorporation and of supplementary Letters Patent and particulars of all changes in capitalization.
1. INCORPORATION—December 10, 1928 by Letters Patent issued by the Province of Quebec.
 2. 9th day of February 1937 — Capitalization
 3. 26th day of January 1961 — Name
 4. 27th day of December 1961 — Capitalization
 5. 29th day of January 1964 — Capitalization
 6. 17th day of January 1968 — Capitalization
 7. 10th day of July 1968 — Capitalization

SUMMARY AND DATE	CHANGES	REMARKS
1. MELCHERS DISTILLERIES, LIMITED 10 December 1928 (Incorporation)	Authorized capital (\$750,000) 100,000 Class "A" N.P.V. (non-voting unless in arrears) 50,000 Class "B" N.P.V. (voting)	Entitled to \$2.00 annual cum. pref. div. payable quarterly March-June, Sept. and Dec. Entitled to Non-cum. div. up to \$4.00 per annum. If further dividends were paid or set aside out of the profits of any fiscal year each class (A & B) shared equally class by class, and NOT share for share.
2. MELCHERS DISTILLERIES, LIMITED 9 February, 1937 (Compromise or Arrangement)	Authorized Capital (\$437,500) 125,000 Cum. Part. Preferred P.V. \$10.00 (Voting for 3 directors out of 7; if in arrears for 4 semi-annual dividends would elect 4 directors) 62,500 Common N.P.V.	Class "A" shareholders received 1¼ % 6% Cum. Pref. share for each share held plus \$3.50 in cash. Class "B" shareholders received 1¼ N.P.V. Common for each share held. Earnings properly applicable to the payment of dividend after the cum. dividends have been paid accrued to the credit of the pre- ferred shareholders at the rate of up to but not exceeding 3%. Any earnings remaining after this non- cum. to be shared by Preferred and Common on a share for share basis.

3.

MELCHERS DISTILLERIES, LIMITED LES DISTILLERIES MELCHERS, LIMITEE	Addition of French version to Corporate name.
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4.

MELCHERS DISTILLERIES LIMITED — LES DISTILLERIES MELCHERS, LIMITEE	Authorized capital (\$812,500) 625,000 special Preferred p.v. \$1.00 (non-voting and not en- titled to any dividend)	Issued to the holders of the 6% preferred on the basis of 5 spec. pref. for each 6% pref. held. Redeemed the same day out of tax-paid undistributed income.
(Compromise or Arrangement)	250,000—7% cum. redem. Pref. P.V. \$5.00 (non-voting unless in arrears) 125,000—6% Cum. Part. Pref. P.V. \$10.00 (non-voting unless in arrears) 100,000 Common N.P.V.	Issued by the subdivision and conversion of each 6% Pref. into two 7% Pref. Subdivided and converted into two 7% Pref. Add'l 37,500 shares distributed to holders of 6% Pref. on the record date for subdivision and conversion on the basis of 3/10 of a Com. sh. for each 6% Pref. held.

5.

MELCHERS DISTILLERIES LIMITED — LES DISTILLERIES MELCHERS, LIMITEE	(a) REDUCTION by the can- cellation of (1) 625,000 Spec. Pref. Shares P.V. \$1.00. (2) 125,000—6% Cum. Par. Pref. P.V. \$10.00.
(Reduction and Increase of Capital)	(b) INCREASE by the creation of: 200,000 Common shares N.P.V. (c) Authorized Capital (\$1,625,000) 250,000—7% Cum. Redem. Pref. P.V. \$5.00. 300,000 Common shares, N.P.V.

6.

MELCHERS DISTILLERIES, LIMITED LES DISTILLERIES MELCHERS, LIMITEE	(a) Reduction by the cancella- tion of 250,000 Preferred Shares—7% cumulative, re- deem, Preferred par value \$5.00 (non-voting unless in arrears).
(Reduction and Increase of Capital)	(b) Increase by the creation of 200,000 common shares no par value.
Purpose: To cancel the 7% Preferred Shares previously redeemed and to increase the number of Common Shares author- ized.	(c) Authorized Capital is now 500,000 common shares no par value.

7.

MELCHERS DISTILLERIES, LIMITED LES DISTILLERIES MELCHERS, LIMITEE (Subdivision)	The authorized capital of 500,000 common shares no par value is subdivided and converted into 2,500,000 common shares no par value.
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Supplementary Letters Patent dated: 9 February 1937 — Capitalization
26 January 1961 — Name
27 December 1961 — Capitalization
29 January 1964 — Capitalization
17 January 1968 — Capitalization
10 July 1968 — Capitalization

6.

SHARE ISSUES DURING PAST TEN YEARS

TYPE OF SHARES	DATE ISSUED	TYPE OF SUBSCRIPTION	NO. OF SHARES ISSUED	CONSIDERATION
(a) Special Preferred \$1.00 par value	30 Jan. 62	Stock dividend to 6% Preferred holders	625,000	Nil
(b) Common—N.P.V.	30 Jan. 62	Stock dividend to 6% Preferred holders Exchanged for 6% Preferred	37,500	Nil
(c) 7% Cum. Red. Pref. \$5.00 par value	30 Jan. 62		250,000	Exchanged
The purpose of the issues in (a), (b) and (c) was to redeem the 6% Cum. Participating Preferred shares then outstanding.				
(d) Rights	1 Apr. 65	Right given to Common shareholders to subscribe one additional share for each two held	—	Nil
(e) Common—N.P.V.	30 Apr. 65	Subscription of Rights	49,021	\$14.00 per share \$686,294.00
The purpose of the issue was to meet the cost of specific capital expenditures and other corporate expenses.				
(f) Common—N.P.V.	30 Nov. 65	Holders of 7% Cum. Redeem. Preferred (four Pref. for one Common)	55,709	222,836—7% Cum. Red. Pref. P.V. \$5.00
The purpose of the issue was to redeem the 7% Cum. Redeemable Preferred shares then outstanding.				
(g) Common—N.P.V.	Mar. to Aug. 67	Executive Stock Options (By-Law XXV)	2,250	\$17.79 per share \$40,027.50
(h) Rights	3 Nov. 67	Given to common share holders to subscribe one additional share for each four held	—	Nil
(i) Common—N.P.V.	30 Nov. 67	Subscription of Rights	36,553	\$25.00 per share \$913,825.00
(j) Common—N.P.V.	4 Nov. 67	Private subscription	50,000	\$25.00 per share \$1,250,000.00
(k) Common—N.P.V.	Feb. to July 68	Executive Stock Options (By-Law XXV)	2,189	\$22.43 per share \$49,099.27
(l) Common—N.P.V.	12 July 68	Split 5 for 1	1,182,888	Nil
(m) Option—Common	19 Aug. 68	To Royal Bank of Canada to subscribe to 75,000 Common shares at \$8.00. Expires August 30, 1973	—	—
(n) Option—Common	25 Sept. 68	Executive Stock Options (By-Law XXV) 14,695 shares Expires 30 Sept. 71		

7. STOCK PROVISIONS AND VOTING POWERS

The only stock authorized, issued and outstanding and to be listed is our common stock without nominal or par value. Each share carries one vote at all meetings of the shareholders.

8. DIVIDENDS PAID
(Last ten fiscal years)

YEAR ENDING	DATE PAID	PREFERRED		COMMON	
		RATE	AMOUNT	RATE	AMOUNT
31 Aug. 59	30 Nov. 58	.15	\$18,750	—	—
	28 Feb. 59	.15	\$18,750	—	—
	31 May 59	.15	\$18,750	—	—
	31 Aug. 59	.15	\$18,750	—	—
31 Aug. 60	30 Nov. 59	.15	\$18,750	—	—
	28 Feb. 60	.15	\$18,750	—	—
	31 May 60	.15	\$18,750	—	—
	31 Aug. 60	.15	\$18,750	—	—
31 Aug. 61	30 Nov. 60	.15	\$18,750	—	—
	28 Feb. 61	.15	\$18,750	—	—
	31 May 61	.15	\$18,750	—	—
	31 Aug. 61	.15	\$18,750	—	—
31 Aug. 62	30 Jan. 62	Stock	\$775,000 (1)	—	—
	28 Feb. 62	.05	\$12,500	—	—
	31 May 62	.10	\$25,000	—	—
	31 Aug. 62	.10	\$25,000	—	—
31 Aug. 63	30 Nov. 62	.10	\$25,000	.10	\$10,000 (2)
	28 Feb. 63	.05	\$12,500	—	—
	31 May 63	.10	\$25,000	—	—
	31 Aug. 63	.10	\$25,000	—	—
31 Aug. 64	30 Nov. 63	.10	\$25,000	.10	\$10,000
	28 Feb. 64	.05	\$12,500	—	—
	31 May 64	.10	\$25,000	—	—
	31 Aug. 64	.10	\$25,000	—	—
31 Aug. 65	30 Nov. 64	.10	\$25,000	.15	\$15,000
	28 Feb. 65	.05	\$12,500	.15	\$15,000
	31 May 65	.10	\$25,000	.15	\$22,353
	31 Aug. 65	.10	\$25,000	.15	\$22,353
31 Aug. 66	30 Nov. 65	.10	\$25,000	.15	\$22,363
	31 Dec. 65	—	—	.20	\$40,926
	28 Feb. 66	—	—	.20	\$40,926
	31 May 66	—	—	.20	\$40,926
	31 Aug. 66	—	—	.20	\$40,926
31 Aug. 67	30 Nov. 66	—	—	.20	\$40,926
	28 Feb. 67	—	—	.20	\$40,946
	31 May 67	—	—	.20	\$41,196
	31 Aug. 67	—	—	.20	\$41,396
31 Aug. 68	15 Dec. 67	—	—	.20	\$58,707
	29 Feb. 68	—	—	.20	\$58,707
	31 May 68	—	—	.20	\$58,769
	31 Aug. 68	—	—	.05	\$73,931
31 Aug. 69	30 Nov. 68	—	—	.06	\$89,110

NOTE 1: Stock dividends totalling \$6.20 comprising 5 special preferred shares \$1.00 par value, and 3/10 of a common share for each 6% preferred, were redeemed 30th Jan. 62 for cash at par.

NOTE 2: Applicable to year ending August 31, 1962.

9. RECORD OF PROPERTIES

(a) FULLY OWNED

The company operates a distillery situated on 82 acres of land in Berthierville, P.Q., and owns the distilling plant, the warehouses, the building and the equipment of a total value of \$5,836,720.00, subject to charges and encumbrances as set out in Paragraph 11 hereof.

(b) LEASED PROPERTY

1. 140 Merton St., Toronto (sales office)
2. 1037 West Broadway, Vancouver (sales office)
3. 4480 Chemin Côte de Liesse, Montreal (head office)
4. 18 Fundy, Place Bonaventure, Montreal (sales office)

(c) PROJECTED CONSTRUCTION — BERTHIERVILLE, P.Q.

1. Warehouses	\$1,100,000
2. Dumping and Filling Room	400,000
3. Bottling and Office Building	1,200,000
4. Distilling	2,500,000
TOTAL	<u>\$5,200,000</u>

All constructions except the warehouses are scheduled for completion during the 1969 Summer.

10.

LIST OF SUBSIDIARIES

(A) MARCHAND DISTILLERIES, LIMITED

- (1) Incorporation: Part 1 Quebec Companies' Act
- (2) Date of Incorporation: 4 Dec. 1963
- (3) Nature of business: Distributor of Geneva Gin
- (4) Authorized capital: 400 shares P.V. of \$100.00
- (5) Issued and Fully Owned: 40 shares P.V. of \$100.00
- (6) 100% beneficially owned by Melchers

(B) LABRADOR DISTILLERIES, LIMITED

- (1) Incorporation: Part 1 Quebec Companies' Act
- (2) Date of Incorporation: August 5, 1964
- (3) Nature of business: Dormant
- (4) Authorized capital: 400 shares P.V. of \$100.00
- (5) Issued and Fully Owned: 10 shares P.V. of \$100.00
- (6) 100% beneficially owned by Melchers

(C) TADOUSSAC DISTILLERIES, LIMITED

- (1) Incorporation: Part 1 Quebec Companies' Act
- (2) Date of Incorporation: 9th October 1962
- (3) Nature of business: Dormant
- (4) Authorized capital: 400 shares P.V. of \$100.00
- (5) Issued and Fully Owned: 40 shares P.V. of \$100.00
- (6) 100% beneficially owned by Melchers

(D) ST. LAWRENCE DISTILLERS, LIMITED

- (1) Incorporation: Nassau, Bahamas
- (2) Date of Incorporation: 3 March 1965
- (3) Nature of business: Dormant
- (4) Authorized capital: 1500 shares at £1.0.0
- (5) Issued and fully paid: 1500 shares at £1.0.0
- (6) Fully owned: (99.7%) 1495 shares at £1.0.0

11.

PARTICULARS OF FUNDED DEBT

FUNDED DEBT

6¼ % Closed First Mortgage, Sinking Fund Bonds due September 1, 1969.

Authorized and issued	\$1,500,000
Balance outstanding August 31, 1968	813,000

Trustee—General Trust of Canada.

Interest payable March 1 and September 1 at any branch of the Bank of Nova Scotia in Canada.

Sinking Fund

\$25,000 annually from September 1, 1960 to September 1, 1962 incl.

\$100,000 annually from September 1, 1963 to September 1, 1968 incl.

Redeemable

In whole or in part on 30 days' notice at \$100.60 on or before September 1, 1969.

Security —

A first specific mortgage and charge on all land, buildings and machinery thereon, and a first floating charge on all other assets.

7% General Mortgage Bonds due September 15, 1969.

Authorized and issued	\$900,000
Balance outstanding August 31, 1968	900,000

Trustee—Société Nationale de Fiducie.

Interest—payable March 15 and Sept. 15 at any branch in Canada of the Canadian Imperial Bank of Commerce and in the Province of Quebec at any branch of two other banks mentioned in the bonds, at the holders' option.

Sinking Fund—None.

Redeemable —

In whole or in part by lot, on any interest payment date on 30 days' notice, at 101 plus accrued and unpaid interest.

Security —

A hypothec, mortgages and pledge, concession and transfer of all the movable and immovable properties, present and future, and by a floating charge on all other assets of the Company not specifically hypothecated.

8% Debentures—Total Authorized \$5,000,000

Series "A" dated as at August 30, 1968

Authorized \$2,500,000

Outstanding and issued \$2,500,000

Trustee: Montreal Trust Company.

Interest—payable March 1, and Sept. 1 in each year.

Redemption —

\$250,000 annually on September 1, 1969, 1970, 1971 and 1972 and \$1,500,000 on September 1, 1973.

Security—Unsecured.

SERIES "B" will be issued and sold in August 1969

Authorized \$2,500,000

12. PARTICULARS OF OPTION REGARDING SHARES

(1) 37,250 Common shares of the authorized and un-issued capital of the Company have been reserved for distribution to employees of the Company under terms of By-Law No. XXV Executive Stock Option Plan.

(a) Each employee in any one year may receive options on 1250 shares.

(b) The price to be paid for those shares is the average price of the transactions on the Montreal Stock Exchange during the month preceding the one in which the options are granted:

(i) less 10% if exercised within 12 months

(ii) at the average price if exercised during the second 12 month period

(iii) plus 10% if exercised during the third 12 month period.

(c) The Board of Directors may designate the employees eligible to receive option.

(d) The option received by an employee cannot be transferred and the shares must be paid in full when exercising option.

(e) Such option may be exercised only during the term of employment or within 36 months after it has been granted.

(2) Of the 36,890 shares reserved, options have been granted for 28,760 common shares to the following employees over the past two and one-half years.

GRANTED	EXERCISED	
3,750	3,750	Sarto Marchand, 1225 Mt. Royal Blvd., Outremont, P.Q.
3,750	3,750	Guy Marinier, 7 Baldwin, Roxboro, P.Q.
3,750	2,500	Jules Thibaudeau, 146 Flamingo Drive, Beaconsfield, P.Q.
3,750	2,500	C. E. Généreux, 3201 Forest Hill, Montreal, P.Q.
3,750	2,500	H. J. Senk, 1 Lafayette, Berthierville, P.Q.
3,750	3,750	Robert Thibault, 1038 Notre-Dame E., Joliette, P.Q.
3,750	2,500	J. G. Mongeau, 38 LeBer, Repentigny, P.Q.
630	315	Pierre St-Laurent, 5803 Verneuil, Anjou, P.Q.
630	630	Cécile Rioux, 675 Laurentien Bd., Apt. 8, St. Laurent, P.Q.
630	315	Grant Demare, 49 Dupré, Sorel, P.Q.
2,500	1,250	J. G. Poulin, 160 - 6th Ave., Richelieu, P.Q.
1,250	1,250	Maurice Marchand, 1564 Lajoie, Outremont, P.Q.
1,250	1,250	René Marchand, 116 Simcoe, Town of Mount-Royal, P.Q.
1,250	1,250	Hon. Paul Desruisseaux, Q.C., Place Ville-Marie, Montreal, P.Q.
1,250	1,250	Maurice Germain, Place Ville-Marie, Montreal, P.Q.
1,250	φ	C. Antoine Geoffrion, Q.C., 26 Sunnyside, Outremont, P.Q.
36,890	28,760	

(3) All employees listed in section (2) are full-time employees, remunerated as such except the following:
Hon. Paul Desruisseaux, Q.C.—Director, Chairman of the Board and of the Executive Committee—Retained on salary.

Maurice Germain—Director and Chairman of the Finance Committee—Retained on salary.

C. Antoine Geoffrion, Q.C.—Director and officer and Company Solicitor Member of the Executive Committee—Paid a retainer.

13. PARTICULARS REGARDING OTHER STOCK EXCHANGES

(a) Canadian Stock Exchange

The Company was listed on the Canadian Stock Exchange from 1937 to 1967. In January 1967 we asked the C.S.E. to delist our shares in favour of the Montreal Stock Exchange.

(b) Montreal Stock Exchange

The Company is presently listed on the M.S.E. and our classification is INDUSTRIAL and our

ticker abbreviation is "MEL". We were admitted to the list of the M.S.E. with 212,180 common shares out of which 204,730 were issued and 7,450 reserved for issue.

(c) Vancouver Stock Exchange

The Company is presently filing an application to the V.S.E.

14. STATUS UNDER SECURITIES ACTS

- (a) Permission was requested and granted by the Q.S.C. and by the O.S.C. to sell common shares to our shareholders through rights issue in November 1967.
- (b) No application for registration by the Q.S.C. of the 75,000 common shares under option to the Company's bankers has been made because this transaction is not subject to the requirements of the Q.S.C. Act.

15. FISCAL YEAR END

The fiscal year of the Company ends on August 31st in each year.

16. ANNUAL MEETINGS

The by-laws of the Company provide "that the Annual General Meeting of the shareholders be held at the principal office of the Company and/or any such place as may be decided upon by the Board of Directors of the Company within 120 days after the end of the fiscal year".

The last Annual General Meeting of Shareholders was held on December 15, 1967.

17. HEAD AND OTHER OFFICES

The head office of the Company is located at 4480 Côte de Liesse Road, Town of Mount-Royal, Que.

The Company also has offices at

18 Fundy, Place Bonaventure, Montreal, Que.

Montcalm St., Berthierville, P.Q.

140 Merton St., Toronto, Ontario

1037 West Broadway, Vancouver, B.C.

18. TRANSFER AGENT AND TRANSFER FEE

The transfer agent of the Company's common stock is the Montreal Trust Company at its principal office in Montreal.

NOTE: The Board of Directors of the Company has approved a change in the agreements with the transfer agent and the Registrar to have the common shares fully transferable in the cities of Toronto and Vancouver.

No fee is charged on stock transfers other than the customary government stock transfer taxes.

19. REGISTRAR

The registrar of the Company's common stock is Royal Trust Company at its principal office in Montreal (See Note Paragraph 18 above).

20. AUDITORS

The auditor of the Company is Mr. Léo E. Boissonnault, C.A. of Touche, Ross, Bailey & Smart, 1 Place Ville-Marie, Montreal, Que.

The firm of Touche, Ross, Bailey & Smart will be proposed as auditors at the next annual general meeting of shareholders.

21. OFFICERS

OFFICERS AND DIRECTORS	OCCUPATION	ADDRESS
Paul Desruisseaux, Q.C.*	Senator Chairman of the Board, Quebec Telemedia Inc.	Place Ville-Marie Montreal, P.Q.
Lt.-Col. Sarto Marchand*	President and Managing-Director Melchers Distilleries, Limited	1225 Blvd. Mount-Royal Outremont, P.Q.
Mtre. C. A. Geoffrion, Q.C.*	Lawyer Geoffrion & Prud'homme	26 Sunnyside Ave. Westmount, P.Q.
Jules Thibaudeau	Vice-President Marketing Melchers Distilleries, Limited	146 Flamingo Drive Beaconsfield, P.Q.
Guy Marinier, C.A.*	Secretary and Treasurer Melchers Distilleries, Limited	7 rue Baldwin Roxboro, Que.

22.

DIRECTORS

DIRECTORS

Maurice Germain*	Vice-President Desmont Research & Development Inc.	1, Place Ville-Marie Montreal, P.Q.
Col. Maurice Forget, Q.C.*	J. L. Lévesque & L. G. Beaubien Ltée L. G. Beaubien & J. L. Lévesque Inc.	3493 Atwater Ave. Montreal, P.Q.
Mtre. R. Fraser Elliott, Q.C.*	Lawyer Stikeman, Elliott, Tamaki, Mercier & Robb	Bank of Commerce Building Dorchester Boulevard
Marc Carriere*	President Marc Carrière Ltée	11835 Norwood Montreal, P.Q.
J. A. Tremblay*	President Magasins JAT and Chairman of the Board Lamontagne Ltée	253 Fabrique Jonquiere, P.Q.

*Directors

The following were officers and/or directors during the last five years until September 28, 1967.

Maurice Marchand	Vice-President	1564 Lajoie Street Outremont, P.Q.
Rene Marchand	Secretary	116 Simcoe Town of Mount-Royal, P.Q.
H. J. Senk	Consultant Production Melchers, Berthierville, P.Q.	1 Lafayette Berthierville, P.Q.

23. Pursuant to a resolution duly passed by its Board of Directors, Melchers Distilleries, Limited hereby applies for listing the above-mentioned securities on the Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made by this application and in the documents submitted in support thereof are true and correct.

MELCHERS DISTILLERIES, LIMITED

"S. MARCHAND"

President and General-Manager



"G. MARINIER"

Secretary and Treasurer

Distribution of Common Stock as of November 4th, 1968

Number	Shares
156 Holders of 1 — 24 share lots	1,695
341 " " 25 — 99 " "	17,408
376 " " 100 — 199 " "	46,259
153 " " 200 — 299 " "	34,774
77 " " 300 — 399 " "	25,425
39 " " 400 — 499 " "	17,015
127 " " 500 — 999 " "	81,498
135 " " 1000 — up " "	1,261,101
<u>1,404</u> Shareholders	<u>Total shares 1,485,175</u>

FINANCIAL STATEMENTS

MELCHERS DISTILLERIES, LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT AUGUST 31, 1968

ASSETS		1968	1967
CURRENT			
Cash		\$ 351,727	\$ 142,282
Term deposits		1,950,000	—
Due from associated companies		—	153,394
Accounts receivable		827,420	720,467
Inventory valued at the lower of cost and net realizable value		4,769,747	2,883,057
Prepaid expenses		42,917	42,948
		<u>7,941,811</u>	<u>3,942,148</u>
INVESTMENT IN ASSOCIATED COMPANIES, AT COST		—	11,876
MORTGAGE LOAN, 6%, DUE 1979		307,000	307,000
FIXED			
	Cost	Accumulated Depreciation	
Land	\$ 15,808		
Buildings	3,065,968	\$1,084,421	
Machinery and equipment	2,965,246	1,520,560	
	<u>\$6,047,022</u>	<u>\$2,604,981</u>	
		3,442,041	2,972,373
DEFERRED CHARGES AND OTHER ASSETS		336,127	183,614
TRADE MARKS, FORMULAE, PATENTS AND GOODWILL		1	1
		<u>\$12,026,980</u>	<u>\$7,417,012</u>

On behalf of the Board:

“PAUL DESRUISSEAU”, Director.

“SARTO MARCHAND”, Director.

LIABILITIES		1968	1967
CURRENT			
Bank loan, secured		\$ —	\$ 970,000
Accounts payable and accrued liabilities		1,235,950	583,730
Deposit re production contract		78,984	78,984
		<u>1,314,934</u>	<u>1,632,714</u>
LONG TERM DEBT			
6¼ % closed first mortgage sinking fund bonds due September 1, 1969			
Authorized and issued		1,500,000	1,500,000
Purchased for sinking fund		687,000	577,000
		<u>813,000</u>	<u>923,000</u>
7% general mortgage bonds due September 15, 1969		900,000	900,000
Bank loan (Note 1)		2,500,000	500,000
		<u>4,213,000</u>	<u>2,323,000</u>
DEFERRED INCOME TAXES (Note 3)		34,500	—

SHAREHOLDERS' EQUITY		1968	1967
CAPITAL STOCK (Note 4)			
Common shares, without nominal or par value			
Authorized—2,500,000 shares			
Issued —1,478,610 shares (1967: 206,980 shares)		4,453,427	2,240,502
RETAINED EARNINGS		2,011,119	1,220,796
TOTAL SHAREHOLDERS' EQUITY		<u>6,464,546</u>	<u>3,461,298</u>
		<u>\$12,026,980</u>	<u>\$7,417,012</u>

The accompanying notes form an integral part of the financial statements.

AUDITOR'S REPORT

The Shareholders,
Melchers Distilleries, Limited.

I have examined the consolidated balance sheet of Melchers Distilleries, Limited and its subsidiary companies as at August 31, 1968 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations I have required. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, and as shown by the books of the companies, these financial statements present fairly the financial position of the company and its subsidiaries as at August 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.
October 11, 1968.

L. E. Boissonault, C.A.
of Touche, Ross, Bailey & Smart
Chartered Accountants

MELCHERS DISTILLERIES, LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31, 1968

	1968	1967
Sales and other revenues (excluding excise and sales tax)	\$6,170,243	\$5,870,934
Dividends from associated company	375,000	855,000
	<u>6,545,243</u>	<u>6,725,934</u>
Deduct:		
Cost of sales, selling and administrative expenses	5,473,742	5,512,666
Remuneration of executive officers including directors' fees	111,254	169,667
Other directors' fees	7,500	6,000
Interest on bonds	117,688	122,051
Interest on bank borrowings	51,111	84,400
Amortization of bond discount and expense	14,328	14,328
Provision for depreciation	212,332	189,386
Provision for income taxes (Note 3)	42,550	—
	<u>6,030,505</u>	<u>6,098,498</u>
Income from operations	514,738	627,436
Profit on disposal of investment in associated company	525,698	—
Net income including in 1968 profit on disposal of investment in associated company	1,040,436	627,436
Retained earnings at beginning of the year	1,220,796	757,845
	<u>2,261,232</u>	<u>1,385,281</u>
Deduct: Dividends on common shares	250,113	164,485
Retained earnings at the end of the year	<u>\$2,011,119</u>	<u>\$1,220,796</u>
Net income per common share including in 1968 profit on disposal of investment in associated company, based on the average number of shares outstanding during the year—1968: 1,356,625 shares; 1967: 1,034,900 shares	77 cents	60 cents

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED AUGUST 31, 1968

SOURCE OF FUNDS

From operations	
Net income for the year	\$ 514,738
Amounts charged against income but not requiring outlay of funds:	
Depreciation	\$ 212,332
Deferred income taxes	34,500
Amortization—bond discount and expense	14,328
—leasehold improvements	<u>13,850</u>
	789,748
Issue of common shares	2,212,925
Increase in long-term bank borrowing	2,000,000
Disposal of investment in associated company	533,038
	<u>\$5,535,711</u>

APPLICATION OF FUNDS

Net addition to fixed assets	\$ 682,000
Dividends on common shares	250,113
Increase in deferred charges and other assets	176,156
Sinking fund instalment	110,000
Increase in working capital	4,317,442
	<u>\$5,535,711</u>

MELCHERS DISTILLERIES, LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 1968

1. BORROWING ARRANGEMENTS

In order to provide for its expected capital requirements and subject to the terms of a trust deed to be entered into, the Company has agreed to sell and its bankers have agreed to purchase at par \$5,000,000, 8% Debentures comprising (1) \$2,500,000 Series A Debentures to be dated August 30, 1968, repayable at the rate of \$250,000 on September 1 of each of the years 1969 to 1972 inclusive and the balance of \$1,500,000 on September 1, 1973, and (2) \$2,500,000 Series B Debentures to be dated August 29, 1969, repayable at the rate of \$250,000 on September 1 of each of the years 1970 to 1973 inclusive and the balance of \$1,500,000 on September 1, 1974.

In consideration for the purchase of the said Debentures, the Company has undertaken to grant to the purchasers an option to purchase 75,000 common shares of the capital stock of the Company at \$8 per share, exercisable over a period of five years to August 30, 1973.

The proceeds of the Series A issue are to be applied against the bank loan of \$2,500,000 outstanding at August 31, 1968.

2. LOAN FROM CUSTOMER

Under the terms of a sales agreement dated July 26, 1968 entered into with a customer covering the production and delivery of spirits over a four year period expected to commence September 1, 1969, the customer has agreed to advance to the Company a sum not exceeding \$2,500,000 to assist in the financing of increased distillation facilities. The advance is to bear interest at the lender's prime borrowing rate and is to be repaid over the delivery period.

3. INCOME TAXES

The 1968 provision for income taxes comprises:

Income taxes applicable to the year's operations	\$87,810
Less: Credit arising from the application of prior years' losses	(79,760)
Net taxes payable	8,050
Deferred income taxes	34,500
Charge to income	<u>\$42,550</u>

Prior years tax losses have been completely absorbed in reducing the current year's taxable income. Deferred income taxes arise from claiming capital cost allowances in excess of depreciation recorded in the accounts.

4. CAPITAL STOCK

- (a) Pursuant to Supplementary Letters Patent dated December 27, 1967, the authorized capital stock of the Company was reduced by the cancellation of 250,000 7% Cumulative Redeemable Preferred shares of the par value of \$5 and the authorized capital of the Company was increased by the creation of 200,000 additional common shares without nominal or par value.
- (b) A total of 86,553 common shares without nominal or par value were issued by the Company in November 1967 at \$25 per share of which 36,553 shares were issued by way of subscription rights to shareholders on the basis of one new share for each four shares held. The consideration received amounted to \$2,163,825.
- (c) Pursuant to Supplementary Letters Patent dated July 10, 1968, the 500,000 common shares without nominal or par value comprising the authorized capital of the Company were subdivided and converted into 2,500,000 common shares without nominal or par value.
- (d) Common shares, equivalent to 10,945 after conversion, were issued during the year under the terms of the Executive Stock Option Plan for a total consideration of \$49,100. At August 31, 1968, 15,055 common shares were reserved for issuance under the Plan.
- (e) Under the terms of the borrowing arrangements referred to in note 1 the Company has undertaken to grant to the purchasers of its debentures an option to purchase 75,000 common shares of the Company at \$8 per share, exercisable over a five year period to August 30, 1973.

5. PENSION PLAN

A Pension Plan for employees, effective September 1, 1968, has been established by the Company. It is intended to amortize the past service liability of approximately \$632,000 under the Plan over a period not exceeding 23 years.

6. CAPITAL EXPENDITURE PROGRAMME

The Company's forecast of capital expenditures in the succeeding twelve month period amounts to approximately \$4,800,000.

MELCHERS DISTILLERIES, LIMITED AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED EARNINGS
Years ended 1968, 1967, 1966, 1965 and 1964

	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>	<u>1964</u>
Sales and other revenues					
(Excluding Excise and Sales Taxes)	\$6,170,243	\$6,725,934	\$5,202,817	\$4,055,850	\$3,366,876
Dividends from associated company	<u>375,000</u>				
	<u>6,545,243</u>				
Deduct:					
Cost of sales, selling and administrative expenses	5,473,742	5,512,666	4,337,575	3,409,254	2,731,613
Remuneration of executive officers including directors' fees	111,254	169,667	159,196	120,950	105,242
Other directors' fees	7,500	6,000	6,100	5,800	3,700
Interest on bonds	117,688	122,051	128,940	138,528	145,319
Interest on bank borrowing	51,111	84,400	22,591	31,427	76,321
Amortization of bond discount and expense	14,328	14,328	14,328	14,328	14,328
Provision for depreciation	212,332	189,386	120,197	83,413	80,088
Provision for income taxes (Note 3)	<u>42,550</u>				
	<u>6,030,505</u>	<u>6,098,498</u>	<u>4,788,927</u>	<u>3,803,700</u>	<u>3,156,611</u>
Income from operations	514,738	627,436	413,890	252,150	210,265
Profit on disposal of investment in associated company	<u>525,698</u>				
Net income including in 1968 profit on disposal of investment in associated company	1,040,436				
Retained earnings at beginning of the year	<u>1,220,796</u>	<u>757,845</u>	<u>555,092</u>	<u>465,148</u>	<u>352,383</u>
	2,261,232	1,385,281	968,982	717,298	562,648
Deduct:					
Dividends					
Preferred			25,000	87,500	87,500
Common	<u>250,113</u>	<u>164,485</u>	<u>186,137</u>	<u>74,706</u>	<u>10,000</u>
	<u>250,113</u>	<u>164,485</u>	<u>211,137</u>	<u>162,206</u>	<u>97,500</u>
Retained earnings at the end of the year..	<u>\$2,011,119</u>	<u>\$1,220,796</u>	<u>\$ 757,845</u>	<u>\$ 555,092</u>	<u>\$ 465,148</u>
Net income per common share including in 1968 profit on disposal of investment in associated company, based on the average number of shares outstanding during the year — 1968: 1,356,625 shares; 1967: 1,034,900 shares	77 cents	\$3.03	\$2.04	\$1.42	\$1.23

